COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 30.09.2011 RM'000 (unaudited)	3 months ended 30.09.2010 RM'000 (unaudited)	9 months ended 30.09.2011 RM'000 (unaudited)	9 months ended 30.09.2010 RM'000 (unaudited)
Revenue	9	110,211	192,091	499,890	471,852
Cost of sales and services		(74,413)	(133,882)	(360,043)	(318,334)
Gross profit		35,798	58,209	139,847	153,518
Other income		3,944	359	8,741	4,602
Administrative expenses		(2,131)	(1,573)	(6,590)	(5,104)
Other expenses		(1,018)	(2,297)	(2,006)	(4,738)
Finance costs		(33)	(1,097)	(484)	(3,073)
Profit before tax	9	36,560	53,601	139,508	145,205
Income tax expense	19	97	33	(148)	10
Profit for the period		36,657	53,634	139,360	145,215
Attributable to:					
Owners of the parent		36,657	53,634	139,360	145,215
Earnings per share attributable to owners of the parent:					
- basic (sen)	28	7.59	11.10*	28.84	30.05*
- diluted (sen)	28	N/A	N/A*	N/A	N/A*

** Restated for the effects of 1:3 bonus issue on 18 July 2011*

The above Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 30.09.2011 RM'000 (unaudited)	3 months ended 30.09.2010 RM'000 (unaudited)	9 months ended 30.09.2011 RM'000 (unaudited)	9 months ended 30.09.2010 RM'000 (unaudited)
Profit for the period		36,657	53,634	139,360	145,215
Other comprehensive income / (loss):					
Currency translation differences arising from consolidation	15(a)	28,796	(21,040)	19,465	(38,217)
Total comprehensive income for the period		65,453	32,594	158,825	106,998
Attributable to:					
Owners of the parent		65,453	32,594	158,825	106,998

The above Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

	Note	As at 30.09.2011 RM'000 (unaudited)	As at 31.12.2010 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		93,543	106,504
Intangible asset		5,884	5,884
Deferred tax assets		241	243
Other receivable		1,302	-
		100,970	112,631
Current assets			
Inventories	15(b)	743,153	786,899
Trade receivables	15(c)	15,712	16,575
Other receivables	15(d)	59,045	26,450
Tax refundable		537	571
Cash and bank balances		196,749	149,792
		1,015,196	980,287
TOTAL ASSETS	9	1,116,166	1,092,918
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		96,654	72,490
Share premium		-	18,664
Treasury shares		(82)	-
Currency translation reserve		(25,414)	(44,879)
Warrant reserve		25,269	-
Retained earnings	20	624,484	556,373
Total equity		720,911	602,648
Non-current liabilities			
Borrowings	24	12,251	14,747
Deferred tax liabilities		4,887	5,054
		17,138	19,801
Current liabilities			
Borrowings	24	4,070	36,332
Trade payables		4,207	4,582
Other payables	15(e)	369,819	429,502
Current tax payable		21	53
		378,117	470,469
Total liabilities		395,255	490,270
TOTAL EQUITY AND LIABILITIES		1,116,166	1,092,918
Net assets per share (RM)		1.4917	1.6627

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Note	Attributable to owners of the parent						
		Non distributable					Distributable	
		Share capital	Share premium	Treasury shares	Currency translation reserve	Warrant reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 2010 (unaudited)								
Balance at 1 January 2010		72,223	18,250	-	(5,386)	-	373,703	458,790
Issuance of ordinary shares pursuant to: - Employees' Share Option Scheme		267	414	-	-	-	-	681
Total comprehensive (loss) / income for the period		-	-	-	(38,217)	-	145,215	106,998
First and final dividend for the financial year ended 31 December 2009		-	-	-	-	-	(8,699)	(8,699)
Special dividend for the financial year ended 31 December 2009		-	-	-	-	-	(9,424)	(9,424)
Balance at 30 September 2010		72,490	18,664	-	(43,603)	-	500,795	548,346
9 months ended 30 September 2011 (unaudited)								
Balance at 1 January 2011		72,490	18,664	-	(44,879)	-	556,373	602,648
Issuance of ordinary shares pursuant to: - Bonus Issue	7(a)	24,164	(18,664)	-	-	-	(5,500)	-
Issuance of warrants		-	-	-	-	25,269	(25,269)	-
Share and warrants issuance expenses		-	-	-	-	-	(249)	(249)
Purchase of treasury shares	7(b)	-	-	(82)	-	-	-	(82)
Total comprehensive income for the period		-	-	-	19,465	-	139,360	158,825
Interim dividend for the financial year ended 31 December 2010	8	-	-	-	-	-	(19,935)	(19,935)
Interim dividend for the financial year ending 31 December 2011	8	-	-	-	-	-	(20,296)	(20,296)
Balance at 30 September 2011		96,654	-	(82)	(25,414)	25,269	624,484	720,911

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	CUMULATIVE	
	9 months ended 30.09.2011 RM'000 (unaudited)	9 months ended 30.09.2010 RM'000 (unaudited)
Net cash generated from operating activities	103,427	20,575
Net cash generated from / (used in) investing activities	13,208	(4,226)
Net cash used in financing activities	(74,919)	(51,841)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	41,716	(35,492)
Effect of exchange rate changes	6,060	(8,243)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	148,973	102,780
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	196,749	59,045

* Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	154,788	46,709
Cash and bank balances	41,961	12,534
	196,749	59,243
Bank overdrafts	-	(198)
Cash and cash equivalents at end of financial period	196,749	59,045

Out of the total fixed deposits of RM154.8 million, RM13.1 million were held under lien as securities for guarantee and documentary credits issued by banks in favour of third parties. Subsequent to 30 September 2011, RM91.1 million of fixed deposits were utilised for payment to contractors and suppliers.

The above Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

Explanatory Notes
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

1 **Basis of Preparation**

The interim financial statements are unaudited and have been prepared under the historical cost convention and in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

2 **Changes in Accounting Policies and Effects Arising from Adoption of Revised FRSs**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new Financial Reporting Standards ("FRSs") and Interpretations, and amendments to certain FRSs and Interpretations which are applicable for the Group's financial period beginning 1 January 2011:

FRS 1 *First-time Adoption of Financial Reporting Standards (revised)*
FRS 3 *Business Combinations (revised)*
FRS 127 *Consolidated and Separate Financial Statements (revised)*
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*
Amendments to FRS 2 *Share-based Payment*
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 138 *Intangible Assets*
Improvements to FRSs (2010)
IC Interpretation 4 *Determining whether an Arrangement Contain a Lease*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 18 *Transfer of Assets from Customers*
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
Amendments to IC Interpretation 15 *Agreements for the Construction of Real Estate*
Technical Release 3 *Guidance on Disclosures of Transition to IFRSs*

The adoption of the abovementioned FRSs, Interpretations, Amendments to FRS and Interpretation will have no material impact on the financial statements of the Group except for the following:

Revised FRS 3 *Business Combinations* and FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The revised FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from the revised FRS 3 and FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

3 **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's most recent annual audited financial statements for the year ended 31 December 2010 was not subject to any qualification.

4 **Seasonal or Cyclical Factors**

The Group's performance is affected by the global and regional economic conditions. The demand for vessels as well as shiprepair and charter services are closely associated with the economic climate.

5 **Unusual Items Affecting the Financial Statements**

There were no items affecting assets, liabilities, equity, net income or cash flows during the financial period under review that were unusual because of their nature, size or incidence.

6 **Change in Accounting Estimate**

There were no changes in estimates that have had material effects in the financial period under review.

7 **Debt and Equity Securities**

(a) For the period ended 30 September 2011, the paid-up share capital of the Company was increased by RM24,163,467 by way of bonus issue of 120,817,333 ordinary shares of RM0.20 each.

(b) For the period ended 30 September 2011, 40,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM2.02 per share. The total consideration paid for the repurchase including transaction costs amounted to RM81,547 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 September 2011, the total number of treasury shares held was 40,000 ordinary shares of RM0.20 each.

Save as disclosed above, there were no other issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

8 **Dividends Paid**

The following dividends were paid during the financial year-to-date:

	RM'000
Interim tax exempt dividend of 27.5% equivalent to 5.5 sen per ordinary share paid on 11 May 2011 for the financial year ended 31 December 2010	19,935
Interim tax exempt dividend of 21.0% equivalent to 4.2 sen per ordinary share paid on 26 September 2011 for the financial year ending 31 December 2011	20,296
	40,231

9 **Segmental Reporting**

Segment information is presented in respect of the Group's primary business segments, which is based on the Company's management and internal reporting structure.

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
<u>**3 months ended 30 September 2011**</u>				
Revenue				
External revenue	108,574	1,637	-	110,211
Inter-segment revenue	802	196	(998)	-
Total revenue	109,376	1,833	(998)	110,211
Results				
Profit before tax	36,224	336	-	36,560
<u>**9 months ended 30 September 2011**</u>				
Revenue				
External revenue	493,807	6,083	-	499,890
Inter-segment revenue	1,606	899	(2,505)	-
Total revenue	495,413	6,982	(2,505)	499,890
Results				
Profit before tax	136,622	2,886	-	139,508
Total Assets				
30 September 2011	1,050,618	65,548	-	1,116,166
31 December 2010	1,027,646	65,272	-	1,092,918

10 **Subsequent Event**

There was no material event subsequent to the end of the current quarter.

11 **Changes in the Composition of the Group**

There was no change in the composition of the Group for the financial period under review.

12 **Contingent Liabilities and Contingent Assets**

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	259,050
Corporate guarantee to a financial institution in respect of documentary credits issued on behalf of a subsidiary	67,601
	326,651

As at 30 September 2011, the Company is contingently liable for RM15,445,000 of banking facilities utilised by its subsidiaries and RM52,548,000 of documentary credits issued on behalf of the subsidiary.

13 **Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2011 is as follows:

	RM'000
Approved and contracted for	204

14 **Related Party Transactions**

	Individual 3 months ended 30 September 2011 RM'000	Cumulative 9 months ended 30 September 2011 RM'000
Transactions with a company in which certain Directors of the Company have financial interests:		
- Top Pride Sdn. Bhd.		
Rent of premises	2	6
Transactions with a person connected with certain Directors of the Company:		
- Ng Lai Whoon		
Rent of premises	5	15
Transactions with a Director of the Company:		
- Ng Chin Shin		
Rent of premises	3	14

The above transactions were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

15 **Review of Performance**

The Group recorded a lower revenue of RM110.2 million in the current quarter ended 30 September 2011 as compared to last quarter's of (2Q2011) RM233.8 million and last year's corresponding period (3Q2010) of RM192.1 million, a reduction of 53% and 43%, respectively. Nevertheless, the year-to-date revenue of the Group of RM499.9 million has already surpassed 2010's nine-months number of RM471.9 million.

Shipbuilding and Shiprepair Division

The division registered RM108.6 million of revenue in the current quarter, which was lower than the RM231.4 million and RM188.0 million recorded in 2Q2011 and 3Q2010, a decrease of 53% and 42% respectively. This was mainly attributed to the lower number of vessels delivered in the current quarter, i.e. 5 units in contrast to 8 units in 2Q2011 and 7 units in 3Q2010.

Vessel Chartering Division

The revenue generated from this division in the current quarter stood at RM1.6 million, eased by RM0.8 million (or 33%) from RM2.4 million in 2Q2011 and by RM2.5 million (or 61%) from RM4.1 million in 3Q2010. The poorer performance was owing to lower fleet utilisation rate.

(a) Currency translation differences arising from consolidation were attributed to exchange differences arising on the translation of the financial statements of foreign operations.

(b) Included in inventories of the Group are finished goods of RM238.7 million (31 December 2010: RM357.2 million) and vessels work-in-progress of RM491.7 million (31 December 2010: RM414.0 million). For the current quarter under review, there are no provisions made for obsolete or slow-moving inventories or work-in-progress write-off.

(c) Out of the RM15.7 million of trade receivables as at 30 September 2011, RM1.2 million was subsequently received by the Group.

(d) Included in other receivables of the Group are payments made to suppliers and contractors totalling RM49.3 million (31 December 2010: RM20.1 million) to secure the supply of input materials, equipment and services intended for the Group's rolling vessel building programme.

(e) Included in other payables are advance payments received from vessel buyers totalling RM362.0 million (31 December 2010: RM421.5 million). The Group currently has a healthy vessel sales order book that will deliver progressive revenue and earnings until 2012.

16 **Material Change in Profit Before Taxation**

The Group made a profit before tax of RM36.6 million in the current quarter which was 23% lower compared to the RM47.3 million achieved in 2Q2011. Against 3Q2010, profit before tax was down by 32% from RM53.6 million. On the whole, current quarter's profit margin before tax of 33% was higher than the 20% and 28% achieved in 2Q2011 and 3Q2010, respectively, owing to higher margins derived from the sale of vessels.

17 **Prospects**

In spite of the growing concerns over the Eurozone sovereign-debt crisis, the crude oil price is able to maintain at around USD98 per barrel. The medium to long-term fundamentals for the offshore oil and gas industry remain strong and the offshore exploration, development and production activities by oil majors are still actively pursued. Demand for technologically advanced and deepwater-capable offshore support vessels ("OSVs") that can withstand harsh environments is anticipated to remain firm given the intensified involvement by oil companies to explore the resources in deeper waters and frontier field, where most of today's oil reserves are located.

With the robust deepwater oilfield developments off the western coast of Sabah, Coastal Group is actively pursuing opportunities to diversify into the offshore structure fabrication business. To make a foray into this potential new phase of growth, the Group is keen on collaborating with strategic business partners to complement the Group's strong foundation in marine structures. The close proximity of the Group's 52-acre fabrication yard to the heart of Sabah's growing oil and gas activities also presents a competitive advantage. Upgrading works to expand the fabrication yard's infrastructure and capabilities have currently reached an advanced stage.

With the continued growth in committed exploration and production capital expenditure by oil companies, Coastal Group has modest optimism of clinching new contracts for OSVs to add to its vessel sales order book. The Group also expects to redeploy its chartering fleet within Asia Pacific's niche market segment of coastal and inland waterway transportation to earn recurring income stream. With net cash of RM180 million and substantially low gearing ratio of 2.3% as at end-September 2011 (see Explanatory Note 24), the Group is on a solid financial footing which will shield it from the fickle market environment.

Barring drastic adverse developments in the global and regional economies, Coastal Group is on track to achieve reasonably satisfactory financial performance for 2011, backed by the shipbuilding division's solid vessel sales order book.

18 Explanatory Notes for Variance of Forecast and Profit Guarantee

The Company did not issue any profit forecast or profit guarantee and therefore, this note is not applicable.

19 Income Tax Expense

	Individual 3 months ended 30 September 2011 RM'000	Cumulative 9 months ended 30 September 2011 RM'000
Income tax expense comprises:		
Estimated tax payable	163	314
Deferred tax charge / (reversal)	(260)	(166)
	(97)	148

The effective tax rates for the current quarter and the financial year-to-date were lower than the statutory tax rate in Malaysia due to reversal of deferred tax relating to temporary differences as well as the different income tax rate applicable to subsidiaries of the Group in other jurisdictions.

20 Retained Earnings

The retained earnings as at 30 September 2011 and 31 December 2010 are further analysed as follows:

	As at 30 September 2011 RM'000	As at 31 December 2010 RM'000
Total retained earnings of the Group:		
- Realised	673,944	608,793
- Unrealised	(2,787)	(4,131)
	671,157	604,662
Consolidation adjustments	(46,673)	(48,289)
Total Group retained earnings as per consolidated accounts	624,484	556,373

21 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

22 Purchase or Disposal of Quoted Securities

There was no purchase or sale of quoted securities for the current quarter and financial year-to-date. In addition, the Group did not own any quoted security as at the end of the reporting period.

23 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at 24 November 2011.

24 Group Borrowings and Debt Securities

The Group's borrowings as at the end of the quarter were as follows:

	As at 30 September 2011 RM'000
Secured	
Short term	4,070
Long term	12,251
Total	16,321

All the borrowings are denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has reduced to 0.023 from last quarter's 0.026. The reduction was mainly due to lower utilisation of credit facilities. Internally generated funds derived from operations were utilised to sustain the Group's working capital requirements during the quarter under review.

With renewed domestic and regional demand from the oil and gas as well as the commodity transportation sectors, the Group will continue to strategically invest both internal and external funds into its vessel building programme intended for eventual sale and also for its fleet development for charter purposes.

The current gearing is within management comfort level.

25 Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 30 September 2011.

(b) Gains or Losses Arising from Fair Value Changes of Financial Liabilities

As the Group did not have any financial liabilities measured at fair value through profit or loss, there were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

26 Material Litigation

As announced on 19 May 2009, 29 January 2010, 19 March 2010 and 13 May 2010, the Company's wholly-owned subsidiary, Thaumas Marine Ltd ("TML"), a party to a Memorandum of Agreement ("MOA") with Scorpio Logistics Pte Ltd (as subsequently assigned to Zeus Logistics Company Limited) ("Buyer") relating to the sale of one unit flat top barge ("Vessel"), had on 6 May 2009 received a notice from the Buyer to refer a dispute to arbitration. The arbitration proceeding was instigated following a dispute over an allegation by the Buyer that the Vessel was not in conformance with a certain specification. The Buyer claims for the sum of USD722,164, interest, cost and such further and other relief as may be appropriate or just. To-date, the parties have exchanged factual witness statements and expert reports. The case is still pending before the Arbitral Tribunal.

The Group is not engaged in other material litigation and is not aware of any proceedings which materially affect the position or business of the Group as at 24 November 2011.

27 **Dividend**

On 23 August 2011, the Directors declared a first interim tax exempt dividend of 21% equivalent to 4.2 sen per ordinary share in respect of the financial year ending 31 December 2011. This dividend was paid on 26 September 2011 to depositors registered in the Records of Depositors at the close of business on 12 September 2011. There was no dividend declared in the corresponding period of last year.

28 **Earnings Per Share**

Basic earnings per share attributable to owners of the parent

Basic earnings per share of the Group is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Individual 3 months ended 30 September 2011	Cumulative 9 months ended 30 September 2011
Basic earnings per share		
Profit attributable to owners of the parent (RM'000)	36,657	139,360
Weighted average number of ordinary shares in issue ('000)	483,259	483,266
Basic earnings per share (sen)	7.59	28.84

The weighted average number of ordinary shares in issue for the current quarter and year-to-date were after reflecting the retrospective adjustments arising from the bonus issue which was completed on 18 July 2011 as required by FRS133 Earnings per Share.

Diluted earnings per share attributable to owners of the parent

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume that the maximum number of new ordinary shares have been issued pursuant to the share options granted under the warrants ("Warrants"). The dilutive portion of the ordinary shares deemed issued pursuant to the Warrants are accounted for in the diluted earnings per share calculation. The Warrants has a dilutive effect only when the average market price of ordinary shares of the Company during the period exceeds the exercise price of the options granted. As the average market price of ordinary shares during the period (RM2.78) is lower than the exercise price of the options (RM3.18), the options were not assumed to be exercised because they were antidilutive in the period.

As at the end of the quarter, there was only one class of shares in issue and they rank pari passu with each other.

29 **Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 24 November 2011.